



Meeting Minutes - Draft

Financial Advisory Board

Monday, April 29, 2024

6:00 PM

NEU

A. CALL TO ORDER:

Chairman Harvey called the meeting to order at 6:02 p.m.

B. ROLL CALL:

Also Present: Soohyun Cho, Student Representative; Mike Piotrowski, Marquette Associates; Michelle Binns, PFM; Jeff Schroeder, PFM; Chris Harris, PFM; Dave Nirtaut, Mesirow; Jim DeZellar, Mesirow; Melanie Smith, Accountant; Raymond Munch; Deputy Finance Director.

Present 6 - Mark Gizzo, Gautan Grover, Edward Harvey, Michael Soenke, Curtis Williams, and Jeff Walker

Absent 3 - Thomas Gavin, Josh McBroom, and Jignesh Patel

C. PUBLIC FORUM:

None.

D. APPROVAL OF MINUTES:

Approve the minutes of the January 29, 2024 meeting

Board Member Grover made a motion, seconded by Board Member Walker. The motion was approved by unanimous voice vote.

The minutes were approved.

E. REPORTS:

Receive the 2024 1st quarter investment report and the annual update from Mesirow Financial and PFM Asset Management

The 2024 Q1 Investment Report included presentations by each of the City's money managers. Chris Harris from PFM presented first. Mr. Harris provided an overview of current economic and market conditions. He then spoke specifically about the City's portfolio at PFM, its performance, and how PFM is positioning the portfolio in the current market environment. As of March 31, 2024, the market value of the PFM portfolio is \$98.2 million. The portfolio had a Q1 return of -0.03% compared to the benchmark return of -0.35%. The PFM team extended the offer to discuss the portfolio benchmark in advance of the next agenda item. PFM offered that they would prefer to be measured against the Intermediate US Government Index as that aligns with their strength in US

government fixed-income assets.

Next, the Board heard from Dave Nirtaut from Mesirow. This was Mesirow's first official introduction to the Board after being selected as the new money manager. Mr. Nirtaut discussed the transition from Loop Capital to Mesirow in January. Nirtaut noted that Mesirow assumed all of Loop's holdings but have traded out of most of them because the investments did not align with their philosophy or they saw better opportunities. As of March 31, 2024, the market value of the Mesirow portfolio is \$83.6 million. The portfolio had a Q1 return of 0.48% compared to the benchmark of -0.35%. Nirtaut spoke about the firms expertise in corporate credit research and investment. Chairman Harvey asked Nirtaut what benchmark Mesirow believes it should be measured against. Nirtaut replied that the Intermediate US Government/Credit Index would align more closely with their investment philosophy.

The report was received.

Receive the 2024 year-to-date budget report through March 31, 2024

Deputy Finance Director Munch provided an overview of the budget through March 31, 2024. Mr. Munch spoke generally on revenues and expenses in the major operating funds. Munch informed the Board that the State of Illinois' budget proposal included the elimination of the 1% sales tax on groceries, which could result in a \$5 million loss in General Fund revenue next year. For now, staff is taking a wait and see approach.

The report was received.

F. NEW BUSINESS:

None.

G. OLD BUSINESS:

Discuss the investment benchmarks for the City's fixed-income money managers and related changes to the Investment and Cash Management Policy

Mike Piotrowski continued the discussion on appropriate benchmarks for the two money managers. Mr. Piotrowski consulted with Deputy Director Munch on recommended changes to the Investment and Cash Management Policy. Piotrowski advised the changes allow for separate benchmarks for each manager that would allow each to leverage their investment style and risk tolerance. The policy change would allow a manager to invest up to 50% in investment grade corporate bonds and be benchmarked to the Intermediate US Government/Credit Index, or invest up to 25% in corporate bonds and be benchmarked to the Intermediate US Government Index. Given the current money manager relationships, Mesirow would receive the government/credit benchmark and PFM would receive the government-only benchmark.

Board Member Gizzo made a motion to approve a recommendation to amend the Investment and Cash Management Policy as presented, seconded by Board Member Grover. The motion was approved by unanimous voice vote.

The recommendation was approved.

H. ADJOURNMENT:

Chairman Harvey made a motion to adjourn the meeting at 8:00 p.m., seconded by Board Member Grover. Meeting adjourned by unanimous voice vote.

This was to adjourn the Meeting of.